

CASE 4057: Application of CHARLES  
B. READ FOR SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO.

*Dismiss*

Case Number

4057

Application  
Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

May 14, 1969

REGULAR HEARING

IN THE MATTER OF:

(De Novo) Application of  
Charles B. Read for  
special pool rules, Lea  
County, New Mexico.

Case 4057

BEFORE: DAVID A. CARGO, Chairman

A. L. PORTER, Jr., Director-Secretary

TRANSCRIPT OF HEARING

JUN 12 PM 1 12

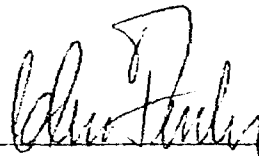
MR. PORTER: Case 4057.

MR. HATCH: Case 4057, application of Charles B. Read for special pool rules, Lea County, New Mexico. The Commission has received a request from the Applicant, here, for this Case to be dismissed.

MR. PORTER: If there are no objections, Case 4057 will be dismissed.

STATE OF NEW MEXICO    )  
                              ) ss.  
COUNTY OF BERNALILLO )

I, CA FENLEY, Court Reporter in and for  
the County of Bernalillo, State of New Mexico, do  
hereby certify that the foregoing and attached  
Transcript of Hearing before the New Mexico Oil  
Conservation Commission was reported by me, and  
that the same is a true and correct record of the  
said proceedings, to the best of my knowledge, skill  
and ability.



---

dearnley-meier recording

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG., P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

February 26, 1969

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Charles B. )  
Read for special pool )  
rules, Lea County, New )  
Mexico. )

Case No. 4057

-----  
BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4057.

MR. HATCH: Case No. 4057, application of Charles B. Read for special pool rules, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, appearing for the applicant. I have one witness I would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Numbers 1 through 9, inclusive, were marked for identification.)

WILLIAM J. LeMAY

called as a witness on behalf of the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A William J. LeMay.

Q What is your business?

A I am a consulting geologist.

Q In your capacity as a consulting geologist, were you retained by Charles B. Read to work in connection with Case 4057?

A Yes, sir, I was.

Q Have you testified before the Oil Conservation

Commission and made your qualifications a matter of record?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable, Mr. Examiner?

MR. UTZ: Yes, they are.

Q Mr. LeMay, what is proposed by the applicant in Case 4057?

A The applicant, Mr. Read, proposes field rules and 80-acre spacing for the Quail-Queen Field in Lea County, New Mexico. The spacing pattern requested is 80-acre spacing with allowable, and the location to be within a 150-foot radius of the center of the quarter quarter section, with exceptions made for existing wells.

Q Now, a similar application involving this pool was filed at one time, was it not?

A Yes, sir.

Q Are you familiar with the history of that case?

A Yes, sir.

Q Would you just briefly discuss it so the Examiner will be informed on what occurred?

A To put the pool in historical prospective, Atlantic drilled a discovery well in Section 14. That well is located 1,980 from the north and 660 from the east line of Section 14.



It was deep-tested by testing the Bone Spring Formation, that is the Atlantic No. 1-BG, and found the Bone Spring to be dry, but they plugged back to the Penrose Sand, and encountered excellent reservoir characteristics, and requested basically the same thing Mr. Read is requesting today. At that time, they were also drilling their second well in the field, and were right on top of the pay at the time, that well being the Atlantic-Richfield No. 1-BH. The Commission requested that core analyses and information be submitted to the Commission upon the completion of testing of that zone, and they would take that into advisement in rendering a decision on the case.

Atlantic never pursued it after that. They asked that the case be dismissed without prejudice to the applicant, because their economics did not justify further effort in the area. It was by this set of circumstances that Mr. Read became involved in the area, acquired the Atlantic farmout, and has pursued the development, and has come to the conclusion that the economics of drilling on 40's does not justify the drilling of any wells, any additional wells than the ones that are currently drilled, because of very great hardships put on them by numerous factors which I will go into later.

Q Referring to Exhibit 1, would you identify that exhibit?

A Exhibit 1 is a land plat of the Ouail-Queen area, showing the present producing wells in the Ouail-Queen Field. There are currently five wells shown. One well, the well in the extreme northwest northwest of Section 13 has just recently been plugged out, and is currently a salt water disposal well.

The well in the southwest of the southwest of 13 had pipe set on it, and has been producing 100 per cent water for the past three months, and it will be a dry hole. So out of the five shown, there are only four currently producing wells.

But it also shows in yellow the acreage owned or controlled on farmout agreements by Charles B. Read, and encompasses the majority of the development, if there is such future development in the field.

Q In other words, Mr. Read would be substantially in control of future development in this area in the event this application is approved?

A That's correct.

Q Referring to Exhibit Number 2, would you identify that exhibit?

A Exhibit Number 2 is a structure map of the Ouail-Queen Field, with the datum being the top of the Queen Formation,

and the area colored in light blue is the Penrose Sand production in the Quail-Queen Field.

Things to note basically are the fact that this is a stratigraphic trap, and the down-dip well being that well in the southwest southwest of Section 13, being 100 per cent water.

Q Then you would not anticipate any further development in that direction?

A No, I would not; the wells circled on that map, to clarify the various production in that area, are wells drilled below 10,000 feet, mainly for the Scarb pay of the Bone Spring Formation, and that well in Section 11 is a Bone Spring production, the well being 1,980 from the south and 660 from the east of Section 11, so that the confusion as to the various pays are resolved by this code.

Q The figures shown on the wells is the subsea datum?

A That is correct, the subsea datum on the top of the Queen Formation.

Q Referring to Exhibit Number 3, will you identify that exhibit?

A Exhibit Number 3 is an analysis of the Penrose Sand in the Quail-Queen Field. Out of the five wells shown there, three of the wells were cored, and weighted averages of porosity,

permeability, and oil and water saturation is taken from the logs. Oil and water was taken from the logs, and the porosity and permeability was taken from the core analyses. These averages were compiled at the bottom of the page for a field average, and this data was incorporated in subsequent exhibits.

You can see that the average net pay thickness is 8.6 feet. Of the five wells, the average porosity is 18 per cent, which is extremely high for a Penrose Sand Field. The average permeability is 36.8 millidarcies, which is again extremely high for a Quail-Queen Field, or for a Queen or Penrose Field.

Oil saturations are in line with those commonly encountered in this type of formation, 11 per cent on oil. That is taken from the cores, I might add, but the water saturations, an average of 48 per cent, was taken from the logs which is felt to be more reliable.

Q Now, you had three cores available, did you not?

A We did. I might point out the fact that the Charles B. Read No. 1 Pennzoil did not fully recover the pay sand, and that is why permeability and oil saturations were not used on that, because of only partial recovery of the pay.

Q And then you also had the core analyses on the Charles B. Read No. 1 --

A Right, on the No. 1 Atlantic-Richfield, and also on the Atlantic-Richfield No. 1-BH.

Q Out of the five wells, you had three cores?

A Correct.

Q Referring to Exhibit Number 4, would you identify that exhibit?

A Exhibit Number 4 is an orientation and Isopach map. The names of the wells are located so that you can see the names, and also the locations of the wells. It is an Isopach map of the net sand, the pay sand, the Penrose pay sand in the Penrose Field, showing, say, a highly porous well or with quite a bit of pay sand in the discovery well, the Atlantic-Richfield PBH, but thin sand in the other developed locations.

It also shows the stratigraphic cross-section line, which is Exhibit Number 5, the way the line runs.

Q Referring to what has been marked as Exhibit Number 5, would you identify that exhibit?

A Exhibit Number 5 is the stratigraphic cross-section showing the relative position of the pay sands in the five producing wells, or currently four -- one was plugged out -- producing wells in the Quail-Queen Field. In analyzing or

comparing the logs with the core analyses, I used a cutoff of approximately thirteen and one half per cent. In other words, the sand that was obtained in the cores was at least thirteen and a half, usually fourteen to fifteen per cent. The porosity of less than thirteen and a half per cent did not contain oil, and was felt not to contribute to the production from that well.

You will notice there are a number of thin stringers. These stringers are highly porous and permeable, and in themselves do contain -- are good reservoirs, good reservoir characteristics. It is a matter of, well, we wish we had more of them. It is a stratigraphic section, and that is why the logs are hung on the Penrose dolomite, which is a good mappable unit throughout the area.

The upper line is the top of the Penrose Sand, which does vary somewhat from well to well. You will note on the Charles B. Read Atlantic-Richfield No. 2, the furthest log on the righthand side, is producing 100 per cent formation water from the perforations. The perforations and the treatment, in other words, the completion information is tested for each of the wells. In certain cases, like the Charles B. Read Mobil No. 1, the Queen Sand which is above the Penrose has been open, but it is felt that this is not contributing fluid

to the well bore, so that in analyzing the core and the log data, the only sands that are contributing are those that are colored in yellow on the stratigraphic cross-section.

Q So the producing characteristics of the Mobil No. 1 are not different than the other wells in the Penrose?

A No, they are not. The wells vary quite a bit in quality, but the sands in the Penrose are similar.

Q Is that the reason you feel there is no production from the upper perforations?

A Right.

Q Now, referring to Exhibit Number 6, would you identify that exhibit?

A The data from Exhibit Number 6 is a volumetric calculation from the reserves in the Quail-Queen Field. The reservoir characteristics were used in compiling the oil in place in recoverable reserves, average porosity being 18 per cent weighted average, water saturation, weighted average of 48 per cent of the cores and logs, net pay of 8.6 feet, again a weighted average. Recovery factor of 18 per cent of the oil in place. The formation volume factor of 1.22 was derived from the field GOR, which averages 423. I might mention at this point the gravity of the oil is 32 degrees.

In the calculations, without running through them,

I can go to the conclusions at the bottom of Exhibit 6. The oil in place under 40 acres is 209,680 barrels; under 80 acres, 419,360 barrels; and the recoverable oil being 36,840 barrels on the 40 acres, and 73,680 barrels under 80 acres.

Q What is the producing mechanism in this pool?

A Probably gas solution drive, even though there is a low GOR. The Queen and Penrose Fields have almost an exclusive gas solution drives. I personally feel that is probably an undersaturated reservoir because of the low GOR.

Q Do you make any volumes of water?

A Yes, the wells are currently making approximately 50 per cent oil and 50 per cent water, and there is a water disposal problem there.

Q But you have no indication of the water drive?

A No, the water looks like it is inactive.

Q Are any of the wells flowing?

A No, they are all on the pump.

Q Do you have any pressure information?

A The pressure information I have, it is very sparse, and because of that I do not include them as exhibits, but I could submit them to the Examiner, and in his descretion they could be used as exhibits. There have been four pressure tests taken in the field.



The first page is a summary, and it shows the BG No. 1, being the discovery well having two pressures taken, the one a pressure bomb and the other a sonilog, and they were taken within 21 days of each other during the month of June, 1967, bottom-hole pressures agreeing fairly closely, 1,542 and 1,660. A third test of that well was taken in January of 1968, again a sonilog test because it is a pumping well, and this pressure is 1,190 pounds. But a force pressure was taken just previous to that on the only other well tested, the State BH showing a pressure of 900 pounds. But, because of the characteristics of the production being pumping wells, pressure data was not available in any definitive supply.

MR. KELLAHIN: Would the Examiner like to have those offered in evidence?

MR. UTZ: Yes, I think it would be well to do so.

MR. KELLAHIN: It will be marked as Exhibit 10, I believe.

(Whereupon, Applicant's Exhibit Number 10 was marked for identification.)

Q Referring to Exhibit Number 7, would you identify that exhibit, please?

A Exhibit Number 7 is another calculation on reserves in the field. It is very limited production data to date. The

curves, as you note, are extrapolated over an average decline, and there are various reserve estimates for each of the currently producing wells in the field, the best well being the Arco No. 1, projected to recover 80,398 barrels.

Under the current drainage pattern, which I failed to note on the first exhibit, the wells are set up currently for an 80-acre spacing pattern, and 80 acres can be allocated to each one of the presently producing wells without disrupting the spacing. These wells as shown on Exhibit Number 7 agree generally very closely, the average, with the volumetric calculations presented in Exhibit 6. There are currently two good wells, one fair well, one poor well, and two dry holes. So we cover the whole spectrum of quality of production in this field.

Q You didn't have any production history on the Read Mobil No. 1?

A No, I did not. But a phone conversation with Mr. Read has indicated that throughout the month of December and January, this well has been producing 35 barrels of oil per day, plus 35 barrels of water per day, and on that basis, it has held up. It didn't react like the BH, which is a nervous curve there indicating quite a bit of mechanical and reservoir problems, and that is why the BH finally was plugged

and used as a salt water disposal well. The BH being the yellow curve, the Mobil No. 1 being the green curve.

MR. UTZ: Where is the BH located now?

THE WITNESS: The BH is the well that is located approximately 660 from the north and west lines of Section 13. It was the second Atlantic well that was drilled.

MR. UTZ: It is a salt water well now?

THE WITNESS: It is a salt water disposal well now, correct, after having an accumulative oil production of only 4,261 barrels.

Q (By Mr. Kellahin) Mr. LeMay, have you made a comparison of the economics of drilling and producing one well on 40 acres as against 80 acres?

A Yes, sir, I have. That is Exhibit Number 8.

Q Would you discuss Exhibit Number 8?

A Exhibit Number 8 is an economic analysis of the revenue derived from drilling wells on 40 acres versus drilling wells on 80 acres, recoverable oil being that figure used in Exhibit Number 6 on volumetric calculations. The operator's net income is the operator's net production at \$1.90 per barrel. In other words, I took the reserves times the \$1.90 per barrel, which includes deductions for royalty, lifting costs, taxes, and water disposal. I might inject here that the water disposal

figure is higher than we initially calculated in preparing these exhibits. The cost of drilling, testing and completing the 5,300-foot Quail-Queen well is quite high. Mr. Read has averaged \$77,000 per well, and that figure was used for cost, which does include the pump and flow lines, but does not include the tank batteries.

Q Does it include any risk factor for drilling?

A No, it does not include the risk of drilling the dry holes. There are two now. And it does not include discounting the money at the current rate.

Q So, actually, your real cost would be considerably more than the \$77,000, would it not?

A Yes, sir, in a sophisticated economic analysis, that figure would be higher.

The final tabulation, return on investment shows that drilling these wells on 40 acres would produce a loss of \$7,004, and drilling them on 80 acres would produce a profit of \$62,992. There again, the cost estimates are very conservative, and with a more sophisticated economics, the cost would be quite a bit higher, especially including the dry holes.

Q Would you refer to Exhibit Number 9, and tell us what that is?

A Exhibit Number 9 is something I just received recently. It is an AFE, Authorized for Expenditure on a salt water disposal system by Mr. Charles Lovelace, and he estimates the cost of system, laying the lines, at close to \$100,000. The exact figure, itself, is \$98,936. In just a rough calculation, with the present wells, four of which are producing say, an average of 2,000 barrels total recovery, you are talking about a 50-cent a barrel to dispose of the water.

Q Is this a disposal system for the Quail-Queen?

A Yes.

Q Is this needed in addition to the disposal well already introduced, or does it include that?

A This is a disposal well that Mr. Read will use in the Quail-Queen Field. It is actually a recompletion of the Getty dry hole in Section 12, a Bone Spring well.

Q But this will be in addition to the Mobil?

A Yes, this system will be used by Mr. Read. The former salt water disposal well is the Atlantic system, they are putting water from the well in Section 14 into it.

Q So Exhibit 9 reflects the cost of the salt water disposal system for Mr. Read's use?

A That's correct.

Q And that would then further reduce the economic return as requested on your Exhibit Number 8, is that correct?

A That's correct. I was a little conservative on the disposal costs before receiving this in the mail this morning.

Q So the cost will actually be somewhat higher than you concluded?

A Yes.

Q As I understand from your exhibits, the permeability of the formation here is relatively high, is it not?

A It is. They are thin sands, but very high in permeability.

Q In your opinion, will the drilling of wells on 40-acre spacing result in the recovery of more oil than wells drilled on 80 acres?

A No, sir.

Q Would you recover any more oil?

A No appreciable amount of oil.

Q On the basis of the economics involved in this pool, would you recommend drilling on 40 acres?

A No, sir, I would not.

Q As a matter of fact, any further drilling on the basis of 40-acre spacing would result in economic loss, would

it not?

A Yes, sir, it would.

Q Is that your conclusion?

A Yes, it is a very marginal field to date, and with the high cost we have of drilling on 40 acres, it would be uneconomic for the operator.

Q In your opinion, would the drilling and developing this pool on 80-acre spacing result in an economic operation so the pool will be adequately developed?

A Yes, sir.

Q Will wells drilled on 80 acres result in the recovery of substantially all of the recoverable oil under the 80-acre tract?

A Yes.

Q Were Exhibits 1 through 10 prepared by you or under your supervision?

A Yes, they were.

MR. KELLAHIN: I will offer Applicant's Exhibits 1 through 10, inclusive.

MR. UTZ: Without objection, Exhibits 1 through 10 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Numbers 1 through 10, inclusive, were admitted in evidence.)

Q Mr. LeMay, at the present state of development of this pool, do you have any recommendations to make as to well locations or the manner in which acreage should be dedicated to the wells?

A I would suggest the flexible 80-rule, whereby it be a contiguous two 40-acre tracts. In that way, referring back again to Exhibit Number 1, each well presently producing can be 80 acres allocated to that well, and this will not disturb the present producing pattern in the field. The only exception being, I think, there may be a 330 in there, but future wells could conform to the rule 150 feet to the center of the quarter quarter section to establish a pattern.

Q But you would permit location of the well in either quarter quarter section?

A Yes, I would not recommend a rigid spacing. I would say within one of the 40 acres, and within 150 feet of the quarter quarter section.

Q That would permit your 80-acre unit to run either north-south, or east-west?

A That's correct. It looks like it could run in each direction, but it looks at present like it would run east-west, but I would not recommend that being a rigid rule.

MR. KELLAHIN: That is all I have.



CROSS EXAMINATION

BY MR. UTZ:

Q Mr. LeMay, referring to Exhibit Number 1, does Mr. Read now own three producing wells in this pool?

A Yes, sir.

Q And the SWD system proposed by Mr. Lovelace appears to show six producing wells?

A I think that is for potential expansion.

Q So that the \$98,000 shown here would be for twice as many wells as he now has?

A I think a majority of the costs are allocated to the disposal well, getting it in operation. The incremental cost for an additional well would be small. It would just involve the laying of the line to the next producer, but the majority of cost was the conversion of the well, that dry hole that Getty drilled in 12. But there would be a small portion of the cost that would vary with the number of producers.

Q Now, the SWD well of Mobil's in Unit D of Section 13--

A Of Atlantic, yes, sir.

Q Is that Atlantic?

A Yes, sir.

Q Well, this map shows Mobil Lease here, but that is

the Atlantic?

A Yes, sir. That was a Mobil farmout to Atlantic, I think. The working interest is owned by Atlantic.

Q They are using that just for their one well?

A As far as I know, yes. It was just a conversion.

Q Would it be feasible to go into that well? Has he approached you?

A He must have talked with them in analyzing the characteristics of the Queen Formation. This is again just a personal judgment. The Queen is not a good formation to put water into. It is not porous. I think they have to pressure up pretty much on that well to utilize just the present water production in the field, because most of the wells are making 50-50 oil and water.

Q And it is Mr. Lovelace's proposal to go into the Bone Spring?

A Correct.

Q On your Exhibit Number 8, do you know what the amount of royalty is that you deducted in order to arrive at your \$1.90 a barrel?

A It is an average of 75 per cent working interest to Mr. Read.

Q What is the gross selling price of the oil?

A They just had a price increase. I think the gross price is close to \$3.00. I have figures at the office, but it is a little above or a little below. 32 gravity oil is close to \$3.00 a barrel, gross.

Q Well, the pressure on this BH No. 1 is substantially low. Where is the BH?

A That is the well that was just recently converted to salt water disposal. It is actually located in Unit D of Section 13.

Q As I understand, you say that Mr. Read would intend to dedicate 80 acres on his two wells in Section 13 on an east-west pattern?

A That is correct.

Q Now, how about the one up in Section 11?

A I don't know. I imagine he could go east-west, or north-south on that. I really don't know. If a fixed spacing on just east-west were felt by the Commission to be the way to go, I am sure he would go east-west on it.

Q According to your Isopach on Exhibit 4, an east-west pattern would indicate that the eastern part of each one of those units would be something below five feet net pay, right?

A Well, it looks like the five-foot line would extend almost on the edge of the 80 acres. The one dry hole in there,

the Charles B. Read No. 2 Atlantic-Richfield, even though it has three feet, it has enough porosity and permeability, these stringers being quite good in the reservoir characteristic to produce fluid, 100 per cent water, the only problem being with three feet there that it is water instead of oil.

Q The Isopach doesn't follow the contour as shown on your exhibit?

A No, sir, there is no relationship between the contour map and the Isopach map. The structure map does show that well to be quite low, which probably accounts for the fact that it is 100 per cent water producing.

Q What is the potential of these wells, around 35 barrels, did I understand?

A They vary. There are two good wells. They range between 1,000 and 2,000 barrels a month. One well that Mr. Read has is 1,900 barrels a month, falling, but close to that. The other is approximately, I think, 1,300 barrels.

A fair well is 1,000 barrels a month, that is the most recent, the Pennzoil Well. And then the Mobil Well is a very poor well. And then the two dry holes, the BH and the Atlantic-Richfield No. 2, making 100 per cent water. But there are really two good wells, one fair well, and one poor well.

Q Now, the depth factor in this pool is 133, is that

correct?

A That's correct. It is a 5,000 to 6,000-foot --

Q So that would be about 2,100 barrels a month. So there isn't any well here that can make a 40-acre allowable?

A I think that is academic, as long as it was above the producing capabilities of the best well, which it would be. It is the economics, mainly the spacing. It would be uneconomical.

Q So that the entire case is a matter of your arguments as to how much acreage one well will drain?

A That, and also the economic argument.

Q Forty acres would give you all the allowable you produce?

A Correct.

MR. UTZ: Any other questions of the witness?

The witness may be excused. Are there any statements?

MR. HINKLE: Charles Hinkle, representing Atlantic-Richfield Company. As indicated by the testimony here, Atlantic-Richfield has an interest in the Ouail-Queen area. It would like to go on record as being in favor of the special field rules as proposed by Mr. Read, including 80-acre spacing and the location of wells.

MR. HATCH: The Commission has received a telegram

from Pennzoil United, Incorporated, which says:

As an offset leaseholder, it wishes to go on record as supporting the special pool rules sought by Charles B. Read for the Quail-Queen Pool, Lea County.

MR. UTZ: Any other statements? The case will be taken under advisement.

We will adjourn until 1:30 this afternoon.

(Whereupon, the morning session of the hearing was adjourned until commencement of the afternoon session, at 1:30 o'clock, P.M., February 26, 1969)

I N D E XWITNESS

WILLIAM J. LeMAY

PAGE

Direct Examination by Mr. Kellahin

2

Cross Examination by Mr. Utz

20

EXHIBITSApplicant's Exhibits  
Numbers 1 through 9MARKED

2

OFFERED AND  
ADMITTED

18


Applicant's Exhibit  
Number 10

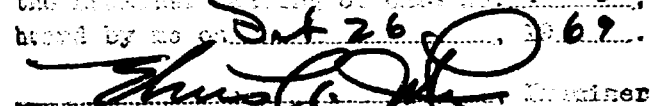
12

18

STATE OF NEW MEXICO     )  
                                   )     ss.  
 COUNTY OF BERNALILLO    )

I, SAMUEL MORTELETTE, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
 COURT REPORTER

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the hearing before the Commission in Case No. 4057  
 heard by us on Oct. 26, 1969.  
  
 Samuel C. Mortelette, Examiner  
 New Mexico Oil Conservation Commission





# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

**P. O. BOX 2088 - SANTA FE**

87501

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIGO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

**May 20, 1969**

**Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico**

Re: Case No. 4057  
Order No. R-3705-A  
Applicant:  
Charles B. Read

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

G. L. Carter, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

**Other** \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4057  
Order No. R-3705-A

APPLICATION OF CHARLES B. READ  
FOR SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on May 14, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of May, 1969, the Commission, a quorum being present, having considered the record, and being fully advised in the premises,

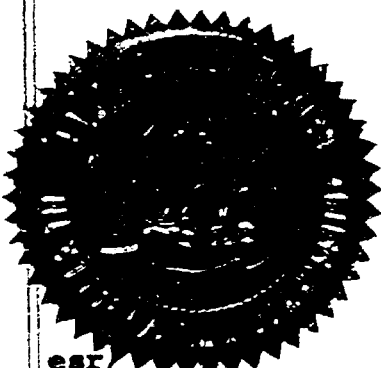
FINDS:

That Charles B. Read's request for dismissal of the application for hearing de novo should be granted.

IT IS THEREFORE ORDERED:

That the application for hearing de novo is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*David F. Cargo*  
DAVID F. CARGO, Chairman

*Alfred S. Armijo*  
ALFRED S. ARMILLO, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

esr

DOCKET NO. 14-69

DOCKET: REGULAR HEARING - WEDNESDAY - MAY 14, 1969

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE  
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for June, 1969;
- (2) Consideration of the allowable production of gas for June, 1969, from fourteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico; also presentation of purchaser's nominations for said pools for the six-month period beginning July 1, 1969; consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for June, 1969.

CASE 4057: (De Novo)

Application of Charles B. Read for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Quail-Queen Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units. Upon application of said Charles B. Read, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4017: (De Novo)

Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled in the SE/4 of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Upon application of David Fasken, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4043: (De Novo)

Application of David Fasken for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County,

(Case 4043 continued)

New Mexico. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 2105 feet from the East line of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Upon application of David Fasken, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4130:

Southeastern nomenclature case calling for an order for the creation, extension and abolishment of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Logan Draw-Morrow Gas Pool. The discovery well is Pan American Petroleum Corporation's Trigg Federal Gas Com No. 1 located in Unit F of Section 34, Township 17 South, Range 27 East, NMPM. Said pool described as:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
SECTION 34: W/2

(b) Abolish the North Indian Hills-Morrow Gas Pool in Eddy County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM  
SECTION 4: All  
SECTION 5: All  
SECTION 8: All  
SECTION 9: All  
SECTION 16: All  
SECTION 17: All

(c) Extend the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM  
SECTION 4: All  
SECTION 5: All  
SECTION 8: All  
SECTION 9: All  
SECTION 16: All  
SECTION 17: All  
SECTION 20: All

(d) Abolish the Wantz-Abo Pool in Lea County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
SECTION 2: Lots 11, 12, 13, 14 and S/2  
SECTION 3: S/2  
SECTION 4: Lots 15 and 16 and S/2  
SECTIONS 10 and 11: All  
SECTION 12: W/2  
SECTION 13: NE/4 and W/2  
SECTIONS 14 and 15: All  
SECTION 16: SE/4  
SECTION 21: NE/4 and S/2  
SECTIONS 22, 23, and 24: All  
SECTION 25: NW/4  
SECTIONS 26, 27 and 28: All  
SECTION 29: E/2 NE/4  
SECTION 33: All  
SECTION 35: W/2 and NE/4  
SECTION 36: NW/4

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM  
SECTION 19: N/2

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 2: All  
SECTION 4: E/2 and NW/4

(e) Extend the vertical limits of the Drinkard Pool in Lea County, New Mexico, to include the Abo formation and redesignate said pool as Drinkard Drinkard-Abo Pool. Also extend the horizontal limits of said Drinkard Drinkard-Abo Pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
SECTION 1: S/2  
SECTION 4: Lots 13, 15 and 16  
SECTION 12: SW/4  
SECTION 24: E/2  
SECTION 25: E/2

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM  
SECTION 6: SW/4  
SECTION 18: NW/4  
SECTION 19: N/2

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM  
SECTION 6: SE/4

(f) Extend the Middle Allison-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
SECTION 1: NW/4

(g) Extend the North Bagley-Lower Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
SECTION 19: NE/4  
SECTION 31: N/2

(h) Extend the North Bagley-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
SECTION 19: SE/4  
SECTION 20: S/2  
SECTION 21: S/2

(i) Extend the Mid Bell Lake-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
SECTION 19: SW/4

(j) Extend the Cerca-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
SECTION 5: SE/4

(k) Extend the South Eunice Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
SECTION 11: N/2

(l) Extend the Inbe Permo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM  
SECTION 8: NE/4

(m) Extend the South McCormack-Silurian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 16: SE/4

(n) Extend the Osudo-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM  
SECTION 25: NW/4

(o) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 33: NW/4 and NW/4 SW/4

(p) Extend the Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
SECTION 20: SE/4  
SECTION 29: NE/4

(q) Extend the Todd-Lower San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM  
SECTION 32: NE/4



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

March 12, 1969

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 4054 - 4057  
Order No. R-3704 R-3705  
Applicant:  
Amerada & Charles B. Read

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC ☒

Artesia OCC ☐

Aztec OCC ☐

Other ☐



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4057  
Order No. R-3705

APPLICATION OF CHARLES B. READ  
FOR SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 26, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of March, 1969, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Charles B. Read, seeks the promul-  
gation of special rules and regulations for the Quail-Queen Pool,  
Lea County, New Mexico, including a provision for 80-acre spacing  
and proration units.

(3) That none of the wells presently completed in the  
subject pool are capable of producing the top unit allowable  
for a 40-acre tract.

(4) That the production history of the wells presently  
completed in the subject pool and an analysis of information  
from the two wells that have been cored indicate low permeabil-  
ity of the pay section.

-2-

CASE No. 4057  
Order No. R-3705

(5) That the evidence indicates that no well in the pool would have 80 productive acres to be dedicated to it.

(6) That the applicant has not established that the wells in the Quail-Queen Pool can efficiently and economically drain and develop 80 acres or that the establishment of special rules and regulations would prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risks arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

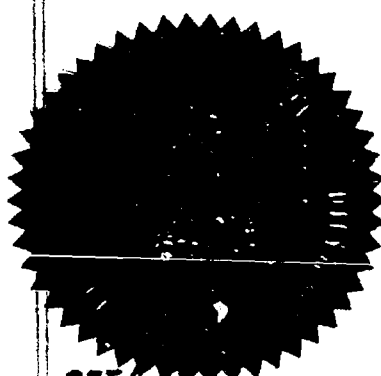
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMILLO, Member

  
A. L. PORTER, Jr., Member & Secretary



EST

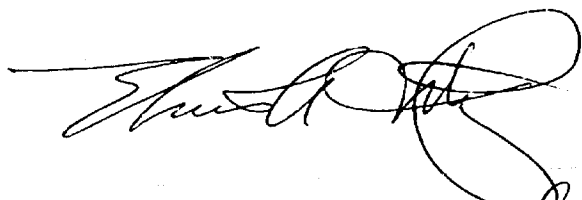
Case 4057

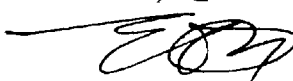
Heard 2-26-69

Rec. 3-5-69.

Charles Read's request for 80  
spacing in the Quint-Queen oil pool  
was not proven.

1. The wells will not even  
make a 40 Ac. Allowable.
2. Formation is tight.
3. There is very geological  
production acreage that  
would be dedicated on 80 Ac  
tracts.



4. Only acreage & drilling  
commitments would be  
served by an 80 Ac order,  


BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 3477  
Order No. R-3147

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR SPECIAL POOL RULES,  
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 19, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of November, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pan American Petroleum Corporation, seeks the promulgation of special rules and regulations for the Cato-San Andres Pool, Chaves County, New Mexico, including a provision for 80-acre proration units.

(3) That the applicant has not established that the wells in the Cato-San Andres Pool can efficiently and economically drain and develop 80 acres or that the establishment of special rules and regulations would prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

-2-

CASE No. 3477  
Order No. R-3147

(4) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 3388  
Order No. R-3055

APPLICATION OF CHARLES B. READ FOR SPECIAL  
RULES FOR THE LLANO-PENNSYLVANIAN POOL,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 23, 1966,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of April, 1966, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Commission has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Charles B. Read, seeks promulgation  
of special pool rules for the Llano-Pennsylvanian Pool, Lea County,  
New Mexico, including a provision for 160-acre proration units.
- (3) That one well is presently completed in the subject pool  
and no additional drilling is contemplated.
- (4) That said well is not capable of producing a 160-acre  
allowable.
- (5) That the applicant has not established that one well  
in the subject pool can efficiently and economically drain and  
develop 160 acres.
- (6) That the applicant has not established that approval of  
the subject application would prevent the economic loss caused by  
the drilling of unnecessary wells, avoid the augmentation of risks  
arising from the drilling of an excessive number of wells, prevent

-2-

Case No. 3388  
Order No. R-3055

reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & secretary

S E A L

ir/

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 26, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4052: Application of Mobil Oil Corporation for a pool creation and discovery allowable, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Lightcap-Pennsylvanian Pool in Chaves County, New Mexico, comprising the NE/4 NE/4 of Section 7, Township 8 South, Range 30 East, and for the assignment of approximately 35,650 barrels of oil discovery allowable to the discovery well, its C. L. O'Brien Well No. 1 located in Unit A of said Section 7.
- CASE 4036: (Continued from the February 5, 1969, Examiner Hearing)  
Application of Mobil Oil Corporation for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its C. L. O'Brien Well No. 1 located in Unit A of Section 7, Township 8 South, Range 30 East, Chaves County, New Mexico, to produce oil from an undesignated Pennsylvanian oil pool and the Lightcap (Devonian) Pool through parallel strings of tubing.
- CASE 4053: Application of El Paso Products Company for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Gallegos-Gallup Pool, San Juan County, New Mexico, including provisions for the classification of oil and gas wells, 80-acre spacing for oil wells, and 320-acre spacing for gas wells.
- CASE 4054: Application of Amerada Petroleum Corporation for an unorthodox oil well location and amendment to Order No. R-2197, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 1250 feet from the West line and 2220 feet from the South line of Section 28, Township 24 South, Range 37 East, in its Langlie Mattix Woolworth Unit Waterflood Project, Langlie-Mattix Pool, Lea County, New Mexico. Applicant also seeks the amendment of Order No. R-2197, which order authorized said waterflood project, to establish an administrative procedure whereby said project could be expanded to include additional lands and injection wells and producing wells at orthodox and unorthodox locations as may be necessary to complete an efficient injection and producing pattern without the necessity of showing well response.



- CASE 4055: Application of Albert Gackle for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the open-hole interval from approximately 3290 feet to 3620 feet in his George Etz Well No. 3 located in Unit N of Section 27, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 4056: Application of Albert Gackle for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Queen formation in the perforated interval from approximately 3642 feet to 3699 feet in his Sinclair "A" State Well No. 5 located in Unit I of Section 23, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 4057: Application of Charles B. Read for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Quail-Queen Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 4058: Application of Hiram W. Keith and Dalton Haines for salt water disposal, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the Seven Rivers formation in the open-hole interval from approximately 3874 feet to 3951 feet in their State Well No. 2 located in Unit K of Section 16, Township 21 South, Range 34 East, West Wilson Pool, Lea County, New Mexico.
- CASE 4059: Application of Hiram W. Keith and Dalton Haines for salt water disposal, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the Delaware formation in the open-hole interval from approximately 4030 feet to 4158 feet in their Eddy "AGA" State Well No. 2 located 660 feet from the North line and 1650 feet from the West line of Section 36, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.
- CASE 4060: Application of Sidney Lanier for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formations in the open-hole interval from approximately 3402 feet to 3650 feet in his I. B. Ogg "A" Well No. 5 located in Unit J of Section 35, Township 24 South,

(Case 4060 continued)

Range 36 East, Jalmat Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 4061: Application of Millard Deck Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the open-hole interval from approximately 3752 feet to 3872 feet in its Atha Well No. 1 located in Unit M of Section 31, Township 21 South, Range 36 East, South Eunice Pool, Lea County, New Mexico.

CASE 4062: Application of Kersey & Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 1835 feet to 1870 feet in the Bass Well No. 3 located in Unit F of Section 12, Township 19 South, Range 28 East, East Millman Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 4063: Application of Kerr-McGee Corporation for the creation of a new gas pool and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Morrow formation by its Nix Well No. 1 located in Unit L of Section 11, Township 19 South, Range 26 East, Eddy County, New Mexico, and for the promulgation of special pool rules therefor, including a provision for 640-acre spacing.

CASE 4064: Application of Atlantic Richfield Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4207 feet to 4286 feet in its Tucker Well No. 4 located in Unit O of Section 23, Township 7 South, Range 32 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 4065: Application of Humble Oil & Refining Company for an unorthodox oil well location and reclassification of a water well to an oil well, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to have its New Mexico State "S" Water Source Well No. 4 (CP-427), located at an unorthodox oil well location 650 feet from the West line and 175 feet from the

South line of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, reclassified as an oil well for the production of oil an undesignated San Andres Oil Pool and authority to produce same as an oil well.

CASE 4066: Application of Humble Oil & Refining Company for the consolidation of two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard 320-acre gas proration units into one standard 640-acre unit comprising all of Section 26, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its New Mexico State "G" Wells Nos. 2 and 4 located in Units P and G, respectively, of said Section 26. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4067: Application of Benson-Montin-Greer Drilling Corporation for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the La Plata-Gallup Pool, San Juan County, New Mexico, including a provision for 160-acre spacing and proration units. Applicant further requests that said special rules provide that the unit allowable for a 160-acre unit in said pool be allocated on the basis of four times the normal unit allowable for Northwest New Mexico, and that no credit be given for depth factors. Applicant further requests that said special rules be limited in their application to the exterior boundaries of the La Plata-Mancos Unit Area.

CASE 4068: Application of Martin Yates III for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in its Yates & Hanson McCord Well No. 1 located in Unit E of Section 22, Township 23 South, Range 26 East, Dark Canyon Field, Eddy County, New Mexico. Applicant further seeks a procedure whereby its Cordie King Well No. 2 located in Unit K of said Section 22 may be approved for the disposal of salt water without the requirement of notice and hearing.

Examiner Hearing  
February 26, 1969

- CASE 4045: (Continued from the February 5, 1969 Examiner Hearing)  
Application of H & S Oil Company for an amendment to Order No. R-3357, as amended by Order No. R-3357-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3357, as amended by Order No. R-3357-A, which order authorized the H & S West Artesia Unit Unit Waterflood Project. Applicant proposes to substitute the Roach Drilling Company-Leonard Well No. 18 located in Unit D of Section 17 as a water injection well in said project in lieu of the Cities Service-Mell Well No. 17 located in Unit M of Section 8, both in Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.
- CASE 4069: Application of Union Oil Company of California for the creation of a new pool, assignment of discovery allowable, and the promulgation of special pool rules, Lea County, New Mexico.
- Applicant, in the above-styled cause, seeks the creation of a new Devonian oil pool for its Midway State Well No. 1 located in Unit F of Section 12, Township 17 South, Range 36 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 57,380 barrels to said well. Applicant further seeks the promulgation of special pool rules for said pool, including a provision for 80-acre proration units.
- CASE 4070: Application of C. E. LaRue and B. N. Muncy, Jr., for salt water disposal, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the salt and Yates formations in the open-hole interval from approximately 1254 feet to 3000 feet in the La Rue-Muncy John "B" Well No. 2 located in Unit A of Section 35, Township 17, South, Range 32, East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

**CLASS OF SERVICE**

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION

## TELEGRAM

W. P. MARSHALL  
CHAIRMAN OF THE BOARD

R. W. MCFALL  
PRESIDENT

**SYMBOLS**

DL = Day Letter  
NL = Night Letter  
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA074 MSC148

1969 FEB 12 AM 10 26

MS MDA039 RS PD NL=MIDLAND TEX 12=

A L PORTER JR, SECRETARY DIRECTOR=

NEW MEXICO OIL CON. COMM. BOX 2088 SANTA FE NMEX=

RE: EXAMINER HEARING SET FOR FEBRUARY 26 1969 (CASE 4057)

9 PENNZOIL UNITED, INC. AS AN OFFSET LEASE HOLDER

WISHES TO GO ON RECORD AS SUPPORTING THE SPECIAL POOL

RULES SOUGHT BY CHARLES B READ FOR THE QUAIL-QUEEN POOL,

LEA COUNTY=

CHARLES A BROWN PENNZOIL UNITED INC WESTERN DIVN

PROD MGR=

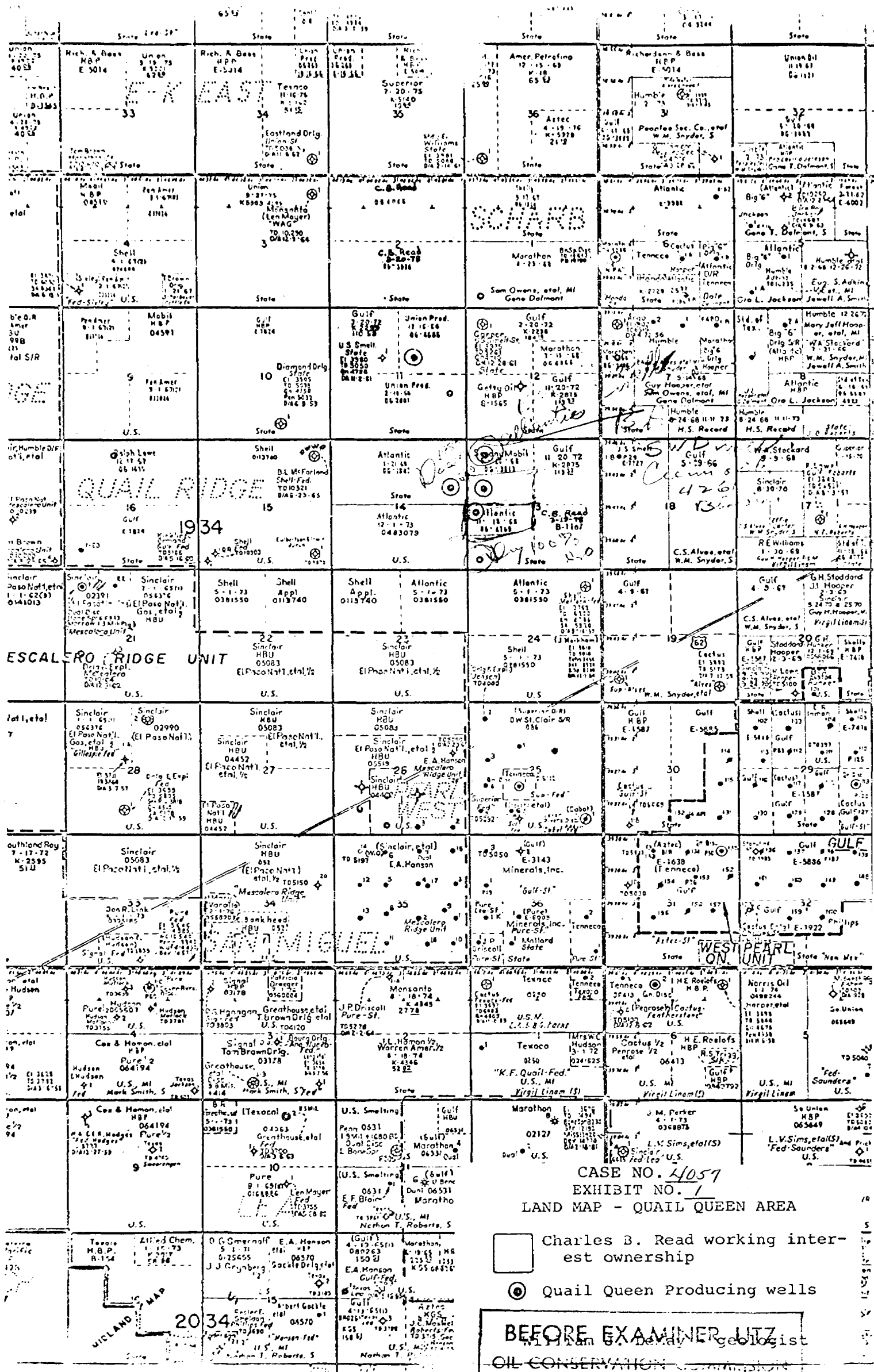
MAIN OFFICE

'69 FEB 13 AM 8 50

=26 1969 4057 •

WU1201 (11-2-66)

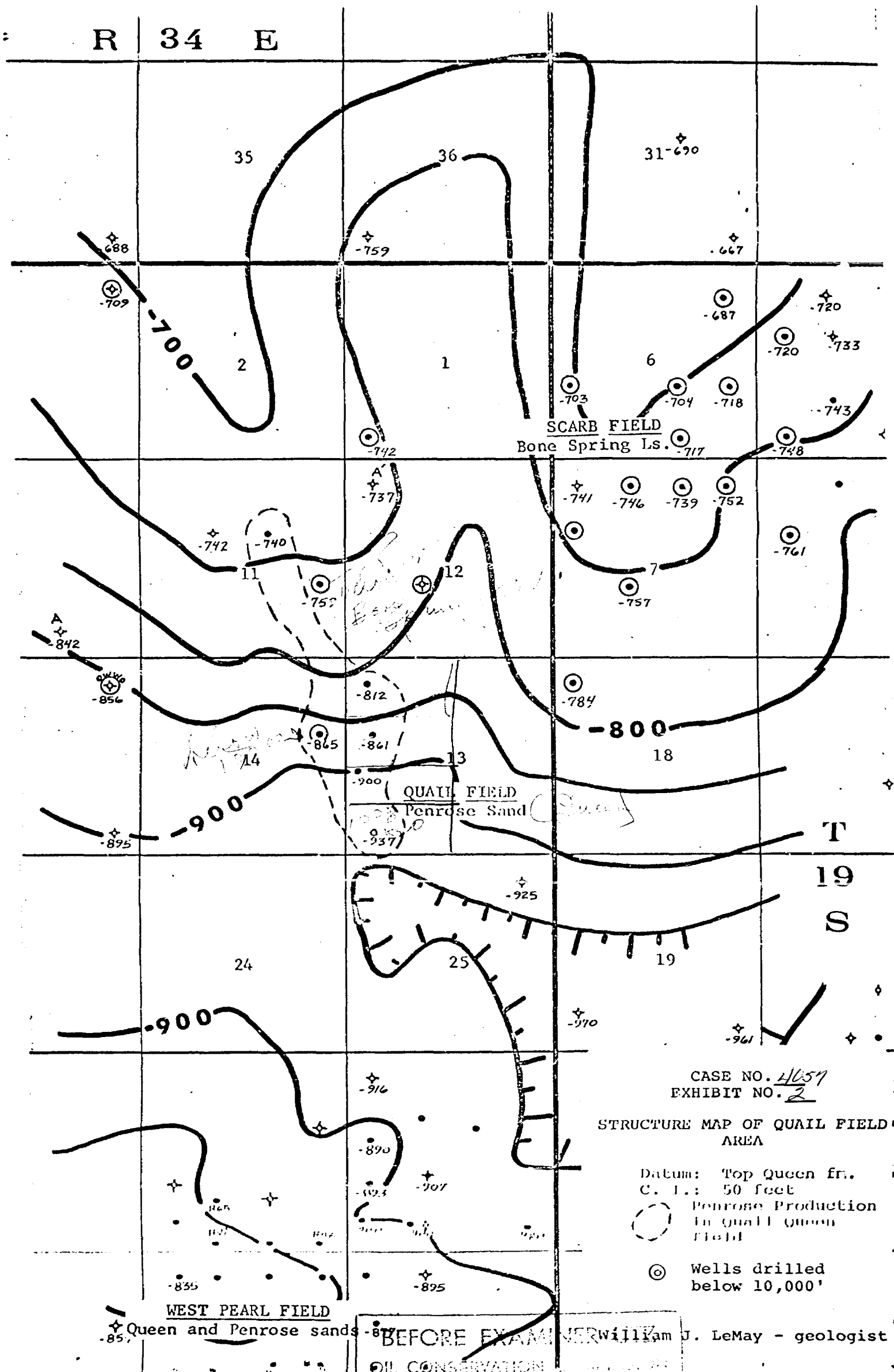
THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



CASE NO. 4057  
EXHIBIT NO. 1  
LAND MAP - QUAIL QUEEN AREA

Charles B. Read working interest  
Quail Queen Producing wells

BEFORE EXAMINER UTZ  
OIL CONSERVATION  
EXHIBIT NO. 1  
CASE NO. 4057



CASE NO. 4057  
EXHIBIT NO. 3

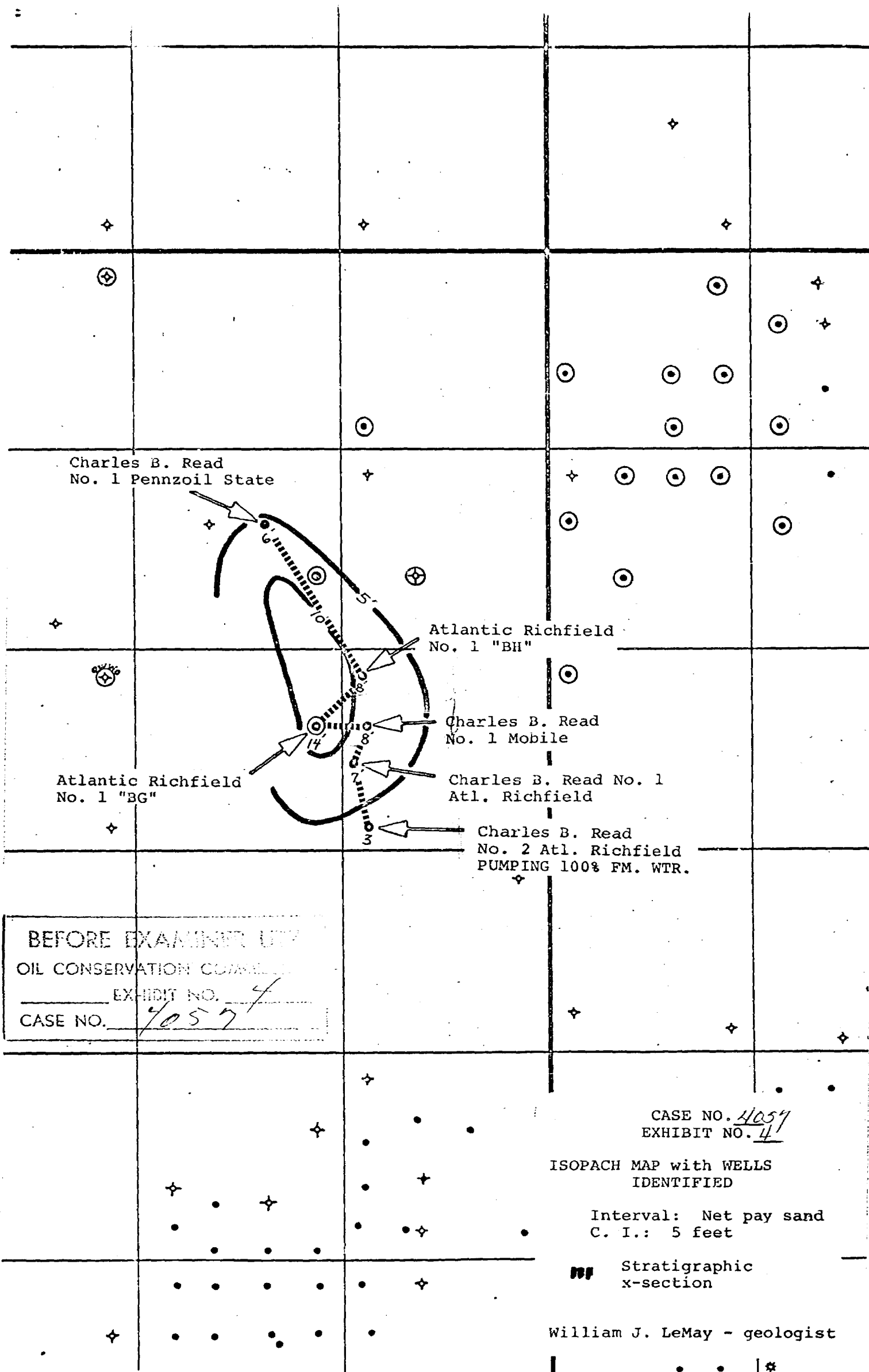
PENROSE RESERVOIR CHARACTERISTICS IN QUAIL QUEEN WELLS

<u>WELLS and LOCATION</u>	<u>NET PAY THICKNESS</u>	<u>AVERAGE POROSITY PER FOOT OF PAY</u>	<u>AVERAGE PERMEABILITY PER FOOT OF PAY (md)</u>	<u>OIL SATURATION %</u>	<u>WATER SATURATION %</u>
Charles B. Read* No. 1 Pennzoil State G-11-19-34	6' (weighted average by logs because pay sand not fully recovered)	15.0%			41.7
Charles B. Read No. 1* Atlantic Richfield L-13-19-34	7'	18.5%	61	9.8	42.4
Charles B. Read No. 1 Mobile E-13-19-34	8'	18.1%			52.4
Atlantic Richfield* No. 1 "BH" D-13-19-34	8'	18.8%	15.7	12.3	53.7
Atlantic Richfield No. 1 "BG" H-14-19-34	14'	18.5%			49.6
WEIGHTED AVERAGE	8.6'	18%	36.8md	11.0%	48%

\* Wells which cored Penrose sand

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>3</u>
CASE NO. <u>4057</u>





CASE NO. 4057  
EXHIBIT NO. 6

OIL RECOVERY CALCULATIONS  
PENROSE SAND FORMATION  
QUAIL QUEEN FIELD  
Lea County, New Mexico

RESERVOIR VOLUME CALCULATIONS

Average Porosity = 18.0% (weighted average of cores and logs)  
Water Saturation = 48.0% (weighted average of cores and logs)  
Net Pay = 3.6 ft. (weighted average of cores and logs)  
Recovery Factor = 18% Oil in Place  
Formation Volume Factor (FVF) = 1.22 (derived from G.O.R.)  
423 + 32 = 455

OIL IN PLACE (Bbls./Ac. Ft.)

$$\frac{\text{Bbls.}}{(7758 \text{ Ac. Ft.}) (0.180) (0.52)} = 595 \text{ Ac. Ft.}$$

RECOVERABLE OIL (Bbls./Ac. Ft.)

$$\frac{\text{Bbls.}}{(595 \text{ Ac. Ft.}) (.18)} = 107.1 \text{ Ac. Ft.}$$

OIL IN PLACE (Bbls./Ac. Ft.)

$$\frac{\text{Bbls.}}{(595 \text{ Ac. Ft.}) (8.6 \text{ Ft.})} = 5,117.0 \text{ Ac.}$$

RECOVERABLE OIL (Bbls./Ac.)

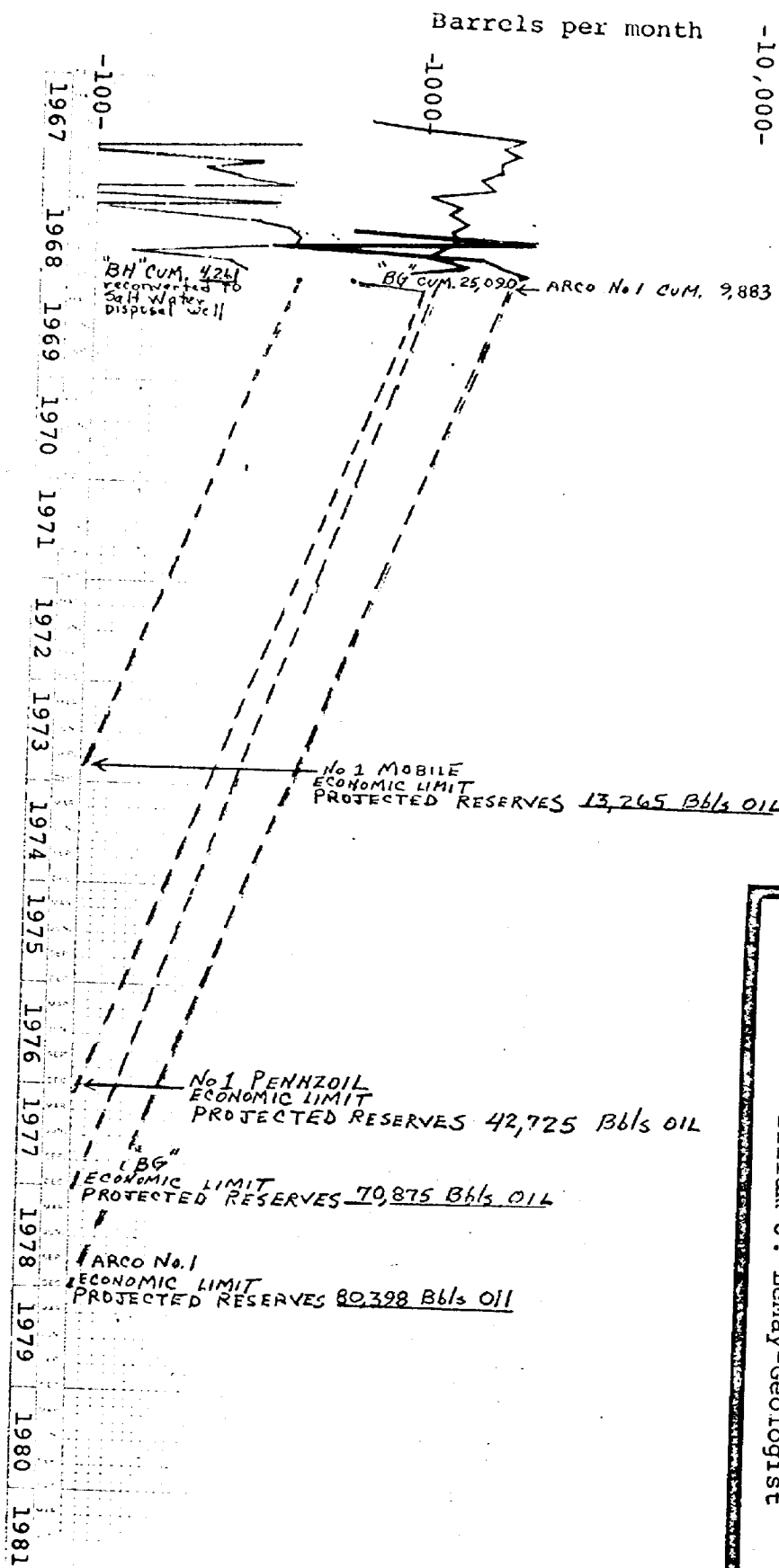
$$(5,117.0 \text{ Bbls./Ac.}) (0.18) = 921 \text{ Bbls./Ac.}$$

OIL IN PLACE (Bbls.)  
RECOVERABLE OIL (Bbls.)

40 Ac.  
209,680  
36,840

80 Ac.  
409,360  
73,680

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 6  
CASE NO. 4057



BEFORE EXAMINER USE  
OIL CONSERVATION COMMISSION  
LEASE PRODUCTION HISTORY  
CASE NO. 4057  
EXHIBIT NO. 7

CASE NO. 4057 EXHIBIT NO. 7  
QUAIL QUEEN FIELD  
PROJECTED PENROSE RESERVES  
(80 acre spacing)

	Production	Projected Production
ARCO St. BG	_____	_____
ARCO St. BH	_____	_____
READ ARCO #1	_____	_____
READ MOBILE #1	_____	_____
READ PENNZOIL #1	_____	_____

William J. LeMay-Geologist

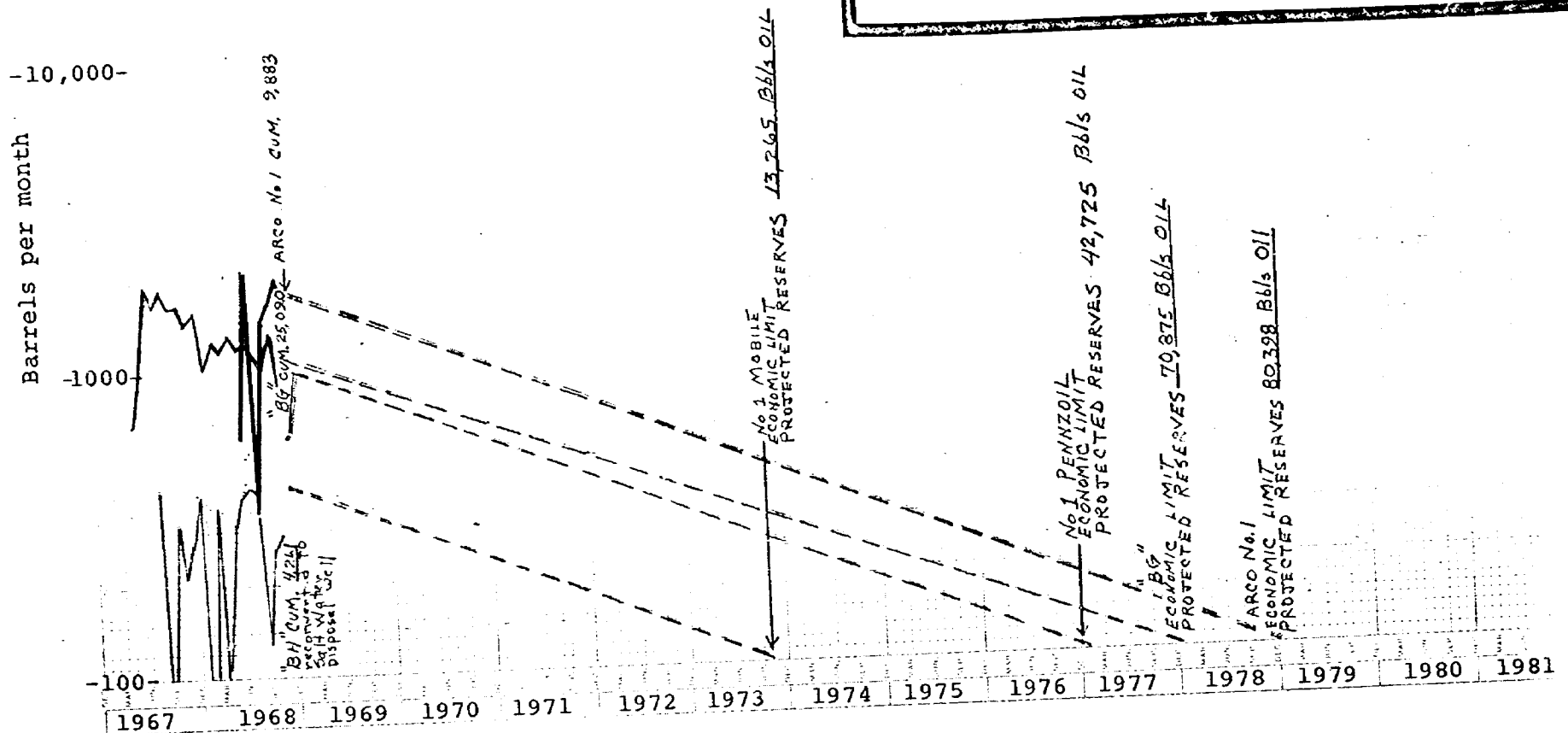
BEFORE EXAMINER 157  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 7  
CASE NO. 4057

CASE NO. 4057 EXHIBIT NO. 7  
QUAIL QUEEN FIELD

PROJECTED PENROSE RESERVES  
(80 acre spacing)

	Production	Projected Production
ARCO St. BG		
ARCO St. BH		
READ ARCO #1		
READ MOBILE #1		
READ PENNZOIL #1		

William J. LeMay-Geologist



CASE NO. 4057  
EXHIBIT NO. 8

ECONOMICS OF DRILLING ONE WELL PER 40 ACRES VS. 80 ACRES  
PENROSE SAND  
QUAIL FIELD  
Lea County, New Mexico

<u>INCOME</u>	<u>40 ACRES</u>	<u>80 ACRES</u>
1. Recoverable Oil, Bbls.	36,840	73,680
2. Operators Net Recoverable Oil		
3. Operators Net Income*	\$69,996.00	\$139,992.00

\*Operator's Net income per barrel = \$1.90  
(includes deductions for royalty, lifting costs, taxes and water disposal)

COST

1. Drilling, testing and completing 5,300' Quail field well\*  
\$77,000.00

\*includes pump and flow lines but not tank battery

<u>RETURN ON INVESTMENT*</u>	<u>40 ACRES</u>	<u>80 ACRES</u>
	loss of	
	\$7,004.00	\$62,992.00

\*Does not include the risk of drilling a dry hole or discount factor on monies invested.

*75% W.I.* *3.00*

BEFORE EXAMINER UTZ
OIL CONSERVATION
EXHIBIT NO. <u>8</u>
CASE NO. <u>4057</u>

CASE NO. 4057  
EXHIBIT NO. 9

ESTIMATED COST OF MATERIALS AND LABOR FOR CONSTRUCTION OF A  
GATHERING SYSTEM AND TO COMPLETE AS A DISPOSAL WELL  
A BONE SPRINGS DRY HOLE IN THE QUAIL RIDGE QUEEN POOL.

SCHEDULE OF MATERIALS

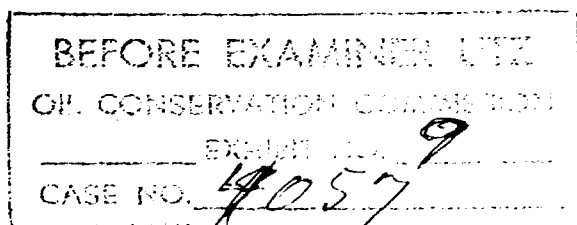
Gathering System

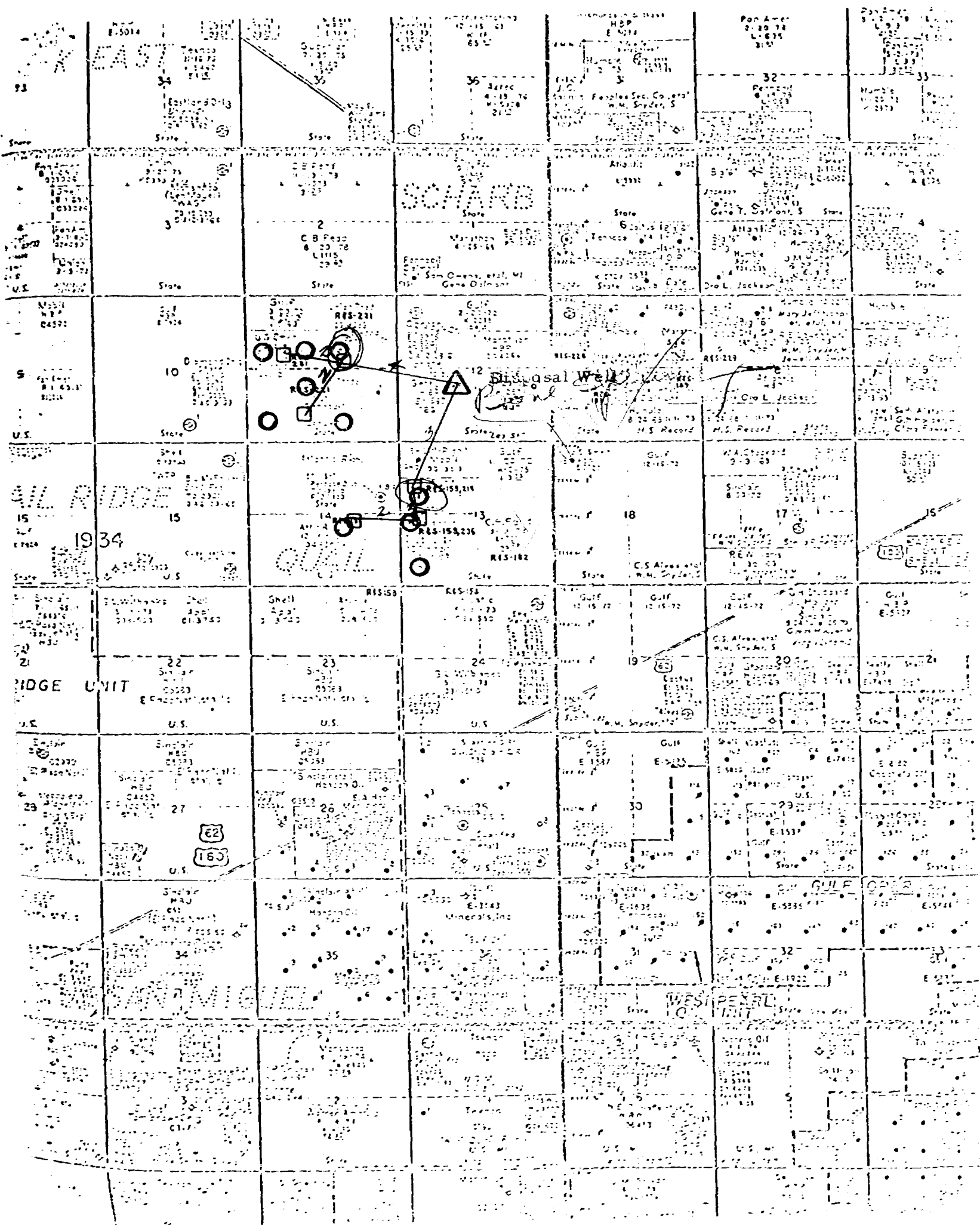
6400' 2-inch 100 psi PVC line pipe @ .16	\$ 1,024.00
5100' 3-inch " " " " @ .26	1,326.00
4200' 4-inch " " " " @ .45	1,890.00
Miscellaneous fittings for connections	1,300.00
2 - 250 bbl. steel storage tanks with plastic linings @ 1,300.00	2,600.00
Miscellaneous piping and fittings	800.00
Ditching, laying and backfill for 15,700' of plastic line @ .65	10,205.00
Right-of-way and surface damage @ 1.00 per rod	951.00
Labor - connections at batteries, at well head and at well head battery	3,000.00

CONVERSION OF DRY HOLE - DAYWORK AND MATERIAL

Drilling rig - daywork - 10 days @ 1,350.00	13,500.00
Mud and water	4,000.00
Fuel	1,000.00
Bits	1,000.00
Preparation of location and road	1,500.00
Location damages	250.00
Logging and perforating	2,700.00
Acid	3,500.00
Workover Unit - 5 days	4,000.00
Rental Equipment	500.00
Casing Crew	500.00
Well head equipment	500.00
10,300' - 4½-inch mixed string @ 1.80	18,540.00
10,000' - 2 7/8 EUE Tubing @ .73	7,300.00
Plastic coating for 10,000' tubing @ .40	4,000.00
Cement shoe and float	250.00
Trucking rotary and miscellaneous	6,000.00
Engineering and supervision	1,800.00
Contingencies	5,000.00

TOTAL \$ 98,936.00





## PRESSURE TESTS - QUAIL QUEEN POOL

WELL	DATE	BHP	SOURCE	TYPE INSTRUMENT
State "BG" No. 1	6-9-67	1542 ✓	One point pressure bomb	Pressure bomb (Coleman)
State "BG" No. 1	6-30-67	1660 ✓	Extrapolation of buildup	Sonilog (ARCo)
State "BG" No. 1	1-23-68	1190 ✓	Extrapolation of buildup	Sonilog (ARCo)
State "BH" No. 1	12-15-67	900 ✓	Extrapolation of buildup	Sonilog (ARCo)
✓ Corrected to 900 ✓				





# COLEMAN PETROLEUM ENGINEERING COMPANY

PHONE EXPRESS 3-3513 611 GRIMES P. O. BOX 1924 HOBBS, NEW MEXICO

## ACOUSTICAL WELL SOUNDING RECORD

FIELD RIDGE QUEEN DATE JUNE 20, 1967  
OPERATOR ATLANTIC RICHFIELD COMPANY  
LEASE STATE BG WELL No. 1  
TYPE OF TEST PUMPING FLUID LEVEL  
TIME RUN 10:30 AM SIZE OF TBG. 2 3/8"  
STATUS OF WELL PUMPING AVG. LENGTH TBG. JTS. 30.89'  
SHUT IN TIME - BOTTOM OF TBG. 5097' (165 Jts.)  
TUBING PRESSURE PUMP SIZE OF CASING -  
CASING PRESSURE 25 1/2 TOTAL DEPTH OF WELL PB 5430'  
ELEVATION - LAST TEST DATE -  
DATUM - BHP LAST TEST - BY -  
WATER PERCENT - BHP CHANGE -  
DEPTH TO FLUID 2039' DIFF. TOP FLUID TO DATUM -  
FLUID GRADIENT - PSI/FT. JOINTS TO FLUID 66.0  
PRESSURE OF FLUID COLUMN - PSIG.  
PRESSURE OF GAS COLUMN - PSIG.  
CASING PRESSURE - PSIG.  
CALCULATED B.H.P. AT DATUM - PSIG.  
TEST RUN BY ALLMAN CALCULATED BY COLEMAN CHART NO. 1-5

REMARKS:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# GULF PETROLEUM ENGINEERS COMPANY

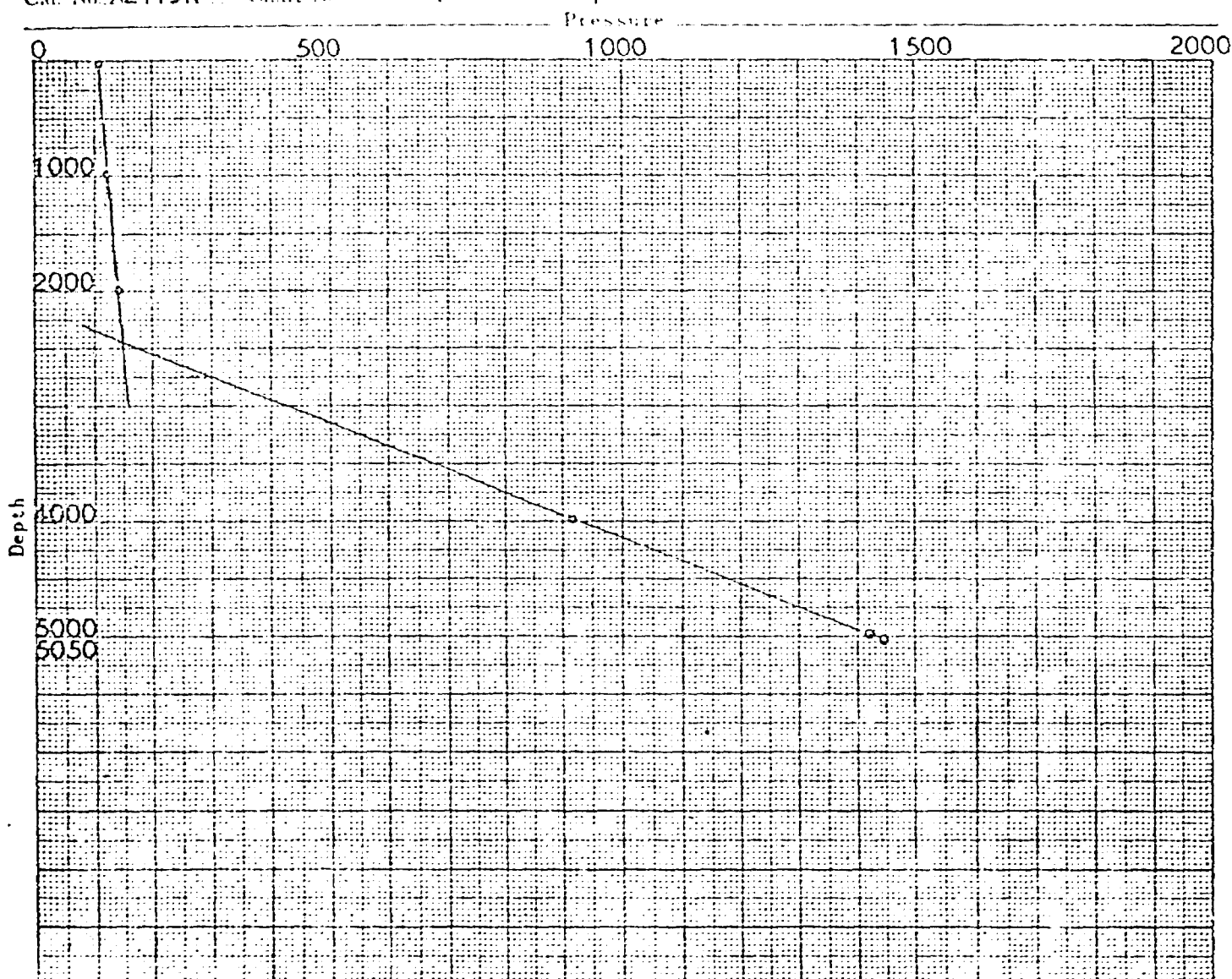
PHONE 23813  
611 GR VES  
P. O. BOX 1529  
MORRIS NEW MEXICO

## BOTTOM HOLE PRESSURE RECORD

OPERATOR ATLANTIC RICHFIELD COMPANY  
FIELD UNDESIGNATED FORMATION QUEEN  
LEASE STATE BG WELL No. 1  
COUNTY LEA STATE NEW MEXICO  
DATE 6-9-67 TIME 9:00 AM  
Status SHUT IN Test depth 5050'  
Time S 48.0 HRS Last test date INITIAL  
Tub Pres 108 BHP last test -  
Cas. Pres NC BHP change -  
Elev. 3960' GL Fluid top 2000'  
Datum (-1271)\*\* Water top 2491'  
Temp. 98°F Run in RUST  
Cal. No. A2419N Chart No. 1

Depth	Pressure	Gradient
0	108	-
1000	114	.006
2000	140	.026
4000	914	.387
5000	1422	.508
5050	1448	.520
5231(-1271)	1542* **	(.520)

\* EXTRAPOLATED PRESSURE  
\*\* MID POINT OF CASING PERFORATIONS



TYPE OF REPORT - (X)
Initial Completion
Special
General Survey

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-124  
Revised 1-1-65

RESERVOIR PRESSURE REPORT

Operator Atlantic Richfield Company		Pool Undesignated.		County Lea		Date June 13, 1967	
Address Box 1978, Roswell, New Mexico		Producing Formation Queen		Oil Gradient psi/ft. 0.520		Water Gradient psi/ft. Not Measured	
Gas Gravity Mid-Perf. 5231(-1271)							

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	SHUT-IN PRES.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM
		U	S	T	R						TEST DEPTH	B.H. TEMP. °F	OB-SERVED PRESS.	PROD. TEST (BBLs./DAY)	LIQUID LEVEL	LIQUID GRAD-IENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.		
State "BG"	1	H	14	19	34	3970 0	6-9-67	48	108	5050	98	1448									1542

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

Well shall be produced at least 24 hours prior to shutting in for sonic test.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

*W. A. Tomlinson*  
(Signature)

District Engineer  
(Title)

June 13, 1967  
(Date)

JASON W. KELLAHIN  
ROBERT E. FOX

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
54 1/2 EAST SAN FRANCISCO STREET  
POST OFFICE BOX 1769  
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315  
AREA CODE 505

April 8, 1969

69 APR 9 10 10 AM



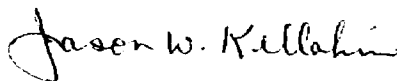
Oil Conservation Commission of New Mexico  
Post Office Box 2088  
Santa Fe, New Mexico

Re: Charles B. Read application for special pool  
rules, Quail-Queen Pool, Lea County, N.M.  
Hearing De Novo

Gentlemen:

Enclosed please find original and two copies of  
the above application for hearing de novo in Case No. 4057.

Yours very truly,

  
JASON W. KELLAHIN

jwk;peg  
Enc. as stated

DOCKET MAILING

5-2-69

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CHARLES B. READ FOR SPECIAL  
POOL RULES, QUAIL-QUEEN POOL, LEA  
COUNTY, NEW MEXICO

Case No. 4057  
Order No. R-3705

APPLICATION FOR HEARING DE NOVO

Comes now CHARLES B. READ, by his attorney, and pursuant to the provisions of Section 65-3-11.1, New Mexico Statutes, Annotated, 1953 Comp., as amended, applies to the Oil Conservation Commission of New Mexico for a hearing de novo before the Commission in Case No. 4057, Order No. R-3705, and in support thereof would show the Commission:

1. Applicant applied to the Oil Conservation Commission for the promulgation of special rules and regulations for the Quail-Queen Pool, Lea County, New Mexico, including provision for 80-acre spacing and proration units.
2. By its Order No. R-3705, entered on March 12, 1969, the Commission denied the application.
3. The Commission's Order was based on findings that included a finding that no well in the pool would have 80 productive acres, and that applicant had not established that one well in the Quail-Queen Pool can efficiently and economically drain and develop 80 acres, or that the establishment of special rules and regulations would prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risks arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste or protect correlative rights.
4. That said findings of the Commission are not supported by substantial evidence, and are contrary to the evidence

presented at the hearing on said case.

5. That the available evidence shows that one well will probably drain in excess of 80-acres, and that in order to insure full development of the Quail-Queen Pool, special pool rules should be adopted, including a provision for 80-acre spacing, until such time as additional information may be obtained upon which permanent pool rules may be entered.

6. That the adoption of pool rules, including a provision for 80-acre spacing will result in the prevention of waste, including the economic waste caused by the drilling of unnecessary wells, and will further the development of the Quail-Queen Pool, resulting in the recovery of oil that would not be otherwise recovered.

7. That subsequent to hearing of applicant's application, additional wells have been completed and additional information is presently available, in support of applicant's application.

WHEREFORE, applicant prays that this application for hearing de novo be set for hearing before the Oil Conservation Commission, as required by law, and that after notice and hearing the Commission enter its order setting up special pool rules for the Quail-Queen Pool, including a provision for 80-acre spacing, and such other provisions as to the Commission appears proper.

Respectfully submitted,

CHARLES B. READ

BY: Jason W. Kellahin  
Kellahin & Fox  
Post Office Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

69 JAN 17 PM 1 59

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CHARLES B. READ FOR THE PROMULGATION  
OF SPECIAL POOL RULES FOR THE QUAIL  
QUEEN FIELD, LEA COUNTY, NEW MEXICO.

Case No. <sup>4057</sup>~~4047~~

A P P L I C A T I O N

Comes now the applicant, Charles B. Read, whose address is P. O. Box 2126, Roswell, New Mexico, and applies to the Oil Conservation Commission of New Mexico for establishment of special pool rules for the Quail Queen field discovered by the Atlantic Richfield Co. No. 1 State "BG" in Lea County, New Mexico, and in support thereof would show the Commission:

1. That there are currently 6 wells producing from the Penrose sand in the Quail Queen field and that the applicant is the operator of the four producing oil wells in this field.

2. That one well may be reasonably expected to efficiently and economically drain 80 acres.

3. That present acreage ownership and producing well locations are adaptable to 80 acre spacing.

4. That drilling and developing the pool on 40 acre spacing and proration units would be uneconomical, resulting in waste through the drilling of unnecessary wells, and that such development would not result in the recovery of any significant amounts of additional oil.

5. That applicant proposes the adoption of special field rules for the subject pool including the following provisions:

a) Spacing and proration units of 80 acres, consisting of the North half, South half, East half or West half of any governmental quarter section, with wells to be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit, together with suitable provisions for exceptions to said rules, assignment of allowables

DOCKET MARKED

Date 2-13-69

with a <sup>8 WTR</sup> 40-acre proportional factor, and such other provisions as the Commission may deem proper.

WHEREFORE, applicant requests the Commission to set this application for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order adopting special pool rules for the subject pool in Lea County, New Mexico.

Respectfully submitted,

Charles B. Read

BY: William J. LeMay

William J. LeMay  
P. O. Box 2244  
Santa Fe, New Mexico

Agent for Applicant



DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4057

Order No. R-3705-A

*GMH* *QEP*  
APPLICATION OF CHARLES B. READ  
FOR SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO. *dsu*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on May 14, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this \_\_\_\_\_ day of May, 1969, the Commission, a quorum being present, having considered the record, and being fully advised in the premises,

FINDS:

That Charles B. Read's request for dismissal of the application for hearing de novo should be granted.

IT IS THEREFORE ORDERED:

That the application for hearing de novo is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

RECORDS CENTER & LAW LIBRARY

CASE No. 4057

Order No. R- ~~3705~~

APPLICATION OF CHARLES B. READ  
FOR SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 26, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of March, 1969, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Charles B. Read, seeks the promul-  
gation of special rules and regulations for the Quail-Queen Pool,  
Lea County, New Mexico, including a provision for 80-acre spacing  
and proration units.

(3) That none of the wells presently completed in the  
subject pool are capable of producing the top  
unit allowable for a 40-acre tract.

(4) That the production history of the wells presently  
completed in the subject pool and an analysis of  
information from the two wells that have been  
cored indicates low permeability of the pay  
section.

(5) That the evidence indicates that no well in the

of too few wells, or otherwise prevent waste or protect correlative rights.

(7) ~~(4)~~ That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.